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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

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PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS*

I. Summary of Events, 1-13 August 1956.

The signing of an agreement between Yugoslavia and the USSR and East Germany providing for a credit of US \$175 million** for the construction of a new aluminum combine in Yugoslavia is the most significant feature during the period 1-13 August 1956 of the Sino-Soviet Bloc effort to expand economic relations with the Free World. The agreement, which places Yugoslavia in a markedly closer economic relation with the Bloc, increases the total of Bloc credits extended to Yugoslavia within the last year to \$464 million.

In South Asia the USSR has contracted with Afghanistan to undertake surveys for an irrigation canal and for two dams -- the first agricultural projects to be undertaken under the \$100-million Soviet loan to that country. Afghanistan also signed a 3-year trade and payments agreement with Poland whereby the Afghans will receive industrial equipment and manufactured goods in return for agricultural raw materials.

Burma's continued dissatisfaction with its economic relations with the USSR has been aggravated by the rise in the prices of Bloc barter goods and by the reported discovery that the prices charged to Burma for cement, now jamming the port of Rangoon, were higher than the prices charged to India. As a result of this dissatisfaction, as well as the current ability of the Burmese to obtain cash for their

* Although the main emphasis of the Biweekly is on economic activities of the Sino-Soviet Bloc in underdeveloped areas of the Free World, significant Bloc activities of this nature in areas not considered underdeveloped also will be discussed.

** Unless otherwise specified, all dollar values in this report are in terms of US dollars.

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rice exports, Burma plans to request the USSR for a release from trade commitments. Also in South Asia, despite the lifting of embargoes on shipments of nonstrategic materials to the Bloc, Thailand has engaged in very little direct trade with Communist China. Indonesia, however, has just signed a 1-year trade agreement with the USSR which calls for the shipment of Indonesian agricultural products in exchange for Soviet capital goods and finished cotton textiles.

In Latin America, although merchants are resisting continued trade with Hungary, Soviet and Czechoslovak offers of capital goods designed to appeal to the national desires of Latin American countries for industrial development are receiving considerable attention.

The joint Soviet-East German credit to Yugoslavia of \$175 million for the construction of an aluminum combine, mentioned earlier, was the major agreement among three agreements signed by Yugoslavia with Bloc members during this period. Of the two remaining agreements, one provided for the delivery by the USSR of industrial equipment, agricultural and housing construction machinery, and aircraft to Yugoslavia, whereas the second agreement, which is non-governmental in form, provided for the exchange of Yugoslav raw materials and agricultural products for East German manufactured goods.

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